

## Business Strategy of Climate Change: Empirical Study of the Steel Industry Sector

Masachika Suzuki

### Propositions

1. Institutional and technological dimensions play an important role in shaping corporate climate change strategy both at the first level (the strategic level) and the second level (the policy specific level) among the steel companies analyzed in this empirical research. The influence of the economic dimensions is observable at the second level to lesser extent.
2. The international regulation (Kyoto Protocol) is turning into a coercive pressure on the European and Japanese steel companies to move toward isomorphism.
3. The differences in the local regulatory culture and schemes are turning into a divergent pressure (country of origin effect) on the companies in the formulation of climate change strategy.
4. Technological dimensions are becoming an important factor in generating divergence on climate change strategy. The technological factor was recognized as the important factor in generating key differences between the Japanese and European steel companies in their strategy as well as in their stance toward the climate change-related specific policy instruments.
5. The economic dimensions become central to the corporate manager's decision-making on climate change strategy when the costs and benefits of specific policy instruments are expected to be high.
6. The economic theory on environmental policy holds that emission trading is an efficient policy instrument on the condition that the supply of emission allowances is managed properly. This condition is not met, therefore the practice of emissions trading does not falsify the theory.
7. While the success of environmental policies in solving environmental problems is marginal, the increasing media coverage, NGO's involvements, company's PR on the environmental issues does enhance awareness towards these issues in the civil society. This trend is observed not only in the developed countries but also in the developing countries that are hosting conferences on multilateral environmental diplomacy.
8. While climate change began to arise as a key strategic issue in the companies' "organizational field", social pressure to handle climate change upon them has not been as strong as the pressure generated by other urgent environmental issues such as treatment of hazardous chemicals and ozone depletion.
9. Since some of the key environmental issues such as climate change, water resource management, and desertification are global issues, global efforts are necessary to handle them. However, a global consensus is missing on how to share the responsibilities among the parties.
10. Finding an equitable balance between historical responsibilities and present responsibilities is a harder task for the parties to agree upon than reaching an agreement on the precautionary principle over the assurance of scientific certainty.
11. One often finds it difficult to quit smoking. It is observed that on top of the economic factor, the external pressure from a husband/wife or boyfriend/girlfriend occasionally plays an important role in formulating one's decision to leave behind the pleasure after a cup of coffee.